

Message Text

LIMITED OFFICIAL USE

PAGE 01 NAIROB 03578 210850Z
ACTION XMB-04

INFO OCT-01 AF-08 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03
SP-02 OMB-01 L-03 /051 W
-----210851Z 021125 /17
P R 210825Z MAR 77
FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC PRIORITY 6928
INFO AMEMBASSY DAR ES SALAAM

LIMITED OFFICIAL USE NAIROBI 3578

DEPT PASS EXIMBANK NORRIS FROM MALLOY

DAR ES SALAAM PASS GABA/MALLOY

E.O. 11652: N/A
TAGS: EFIN, KE
SUBJECT: KENYA FIBERS APPLICATION

REF: STATE 59813

1. MET MARCH 19 WITH SHAMALLA, UNDER SECRETARY, MIN FIN
AND PLANNING. SHAMALLA ADVISED OF MARKETING, ECONOMICS
AND FINANCIAL PROBLEMS IN STAFF'S ANALYSIS SUBJECT
APPLICATION AND THAT PROSPECTS FOR APPROVAL WERE DIM.
SHAMALLA STATED THAT GOK'S ANALYSIS SHOWED PROJECT VIABLE,
AND GOK WAS COMMITTED TO PROJECT. ONE-HALF OF TOTAL EQUITY
RECENTLY PAID IN. SHAMALLA EXPLAINED PROGRAM FOR BAN
ON COMPETING IMPORTS AND REMISSION OF DUTIES ON CAPITAL
EQUIPMENT AND RAW MATERIALS IMPORTS. HE WAS TOLD OF
OUR CONCERN THAT THESE SUBSIDIES WOULD HAVE TO LAST
INDEFINITELY. SHAMALLA WAS ASSURED DECISION ON SUBJECT
APPLICATION WOULD BE BASED ON PROJECT ANALYSIS AND NOT
ON ANY DOUBTS CONCERNING CREDIT-WORTHINESS OF GOK.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NAIROB 03578 210850Z

2. IN MARCH 18 MEETING WITH KIBINGE, PERMANENT SECRETARY,
MIN FIN AND PLANNING, TO DISCUSS EAST AFRICAN AIRLINES
(EAA), KIBINGE ASKED ABOUT STATUS OF SUBJECT APPLICATION.
HE EXPRESSED THE HOPE THAT OUTCOME OF KENYA FIBERS WOULD
NOT BE AFFECTED BY OUR EAA DIFFICULTIES. KIBINGE
ACCEPTED WITHOUT COMMENT OUR DESCRIPTION OF KENYA

FIBERS ANALYSIS.

3. EMBOFF AND VISITING OPIC OFFICIAL ADVISED THAT KENYA FIBERS' APPLICATION HAD BEEN TURNED DOWN BY DEVELOPMENT FINANCE CORP. OF KENYA (DFCK) AS AN UNECONOMIC PROJECT TOO HEAVILY DEPENDENT UPON TARIFF PROTECTION. (FYI: DFCK OWNED BY UK'S COMMON-WEALTH DEVELOPMENT CORP., GERMANY AND DUTCH AID AGENCIES AS WELL AS BY KENYA GOVERNMENT.) OPIC OFFICIAL ALSO CONFIRMED OPIC'S DENIAL OF SUBJECT FINANCING APPLICATION. OPIC HAD SERIOUS QUESTION ABOUT PROJECT VIABILITY REQUIRING HEAVY TARIFF PROTECTION FOR INDEFINITE FUTURE. REGARDLESS OF MARKETING QUESTION, OPIC ADVISED CHEMTEX THAT PROJECT ALSO APPEARED HEAVILY LEVERAGED AND WOULD REQUIRE AT LEAST THREE MILLION DOLLARS MORE EQUITY.

4. LOCAL PRESS REPORTED ON MARCH 16 CONSTRUCTION HAS STARTED ON COMPETING SYNTHETIC FIBERS PLANT (AFRICA FIBERS AND SYNTHETICS). NEW PLANT'S DAILY CAPACITY: FOUR TONS OF TEXTURIZED POLYESTER YARN AND 2.5 TONS FILAMENT TEXTURIZED NYLON YARN. THIS PROJECT ALSO HAS GOVERNMENT PARTICIPATION.

DECON 3/21/78
MARSHALL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, PROGRAMS (PROJECTS), FIBERS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NAIROB03578
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770095-1283
Format: TEL
From: NAIROBI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770339/aaaabhtr.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7eacd4b4-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 59813
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3046879
Secure: OPEN
Status: NATIVE
Subject: KENYA FIBERS APPLICATION
TAGS: EFIN, EPAP, KE, OPIC, CHEMTEX
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7eacd4b4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009